

**ANNUAL REPORT
OF THE
DETROIT AND MACKINAC
RAILWAY COMPANY**

**FOR THE FISCAL YEAR ENDED DECEMBER 31st
1949**

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DETROIT AND MACKINAC RAILWAY COMPANY

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

CHARLES A. PINKERTON, JR.	-----	East Tawas, Mich.
WALTER F. KEERS	-----	Brooklyn, N. Y.
STANLEY E. LAWFER	-----	Allentown, Pa.
J. F. HIGGINS	-----	New York, N. Y.
R. W. PIEPKORN	-----	Alpena, Mich.

OFFICERS

CHARLES A. PINKERTON, JR., President and General Manager	-----	Tawas City, Michigan
N. W. SALSBERY, Secretary and Treasurer	-----	Tawas City, Michigan
A. J. SEVENER, Auditor	-----	Tawas City, Michigan
R. W. HICKEY, Assistant to General Manager	-----	Tawas City, Michigan
W. T. YAKE, General Freight Agent	-----	Tawas City, Michigan
CARL R. HENRY, General Counsel	-----	Alpena, Michigan

FISCAL AND TRANSFER AGENTS

J. P. Morgan & Company	-----	New York, N. Y.
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REGISTRAR OF STOCK

Central Hanover Bank and Trust Company	-----	New York, N. Y.
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ANNUAL MEETING

The last Tuesday in April

is the date of Annual Meeting of Stockholders

General Office	-----	Tawas City, Michigan
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JOE C. TREPANIER
CERTIFIED PUBLIC ACCOUNTANT
LAFAYETTE BUILDING
DETROIT

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To The Stockholders and Board of Directors of
Detroit and Mackinac Railway Company
Tawas City, Michigan

We have examined the Statement of Financial Condition of the Detroit and Mackinac Railway Company as at December 31, 1949 and the related Statement of Income and Earned Surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards and included such tests of the accounting records and other supporting evidence and such other procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the position of the Detroit and Mackinac Railway Company at December 31, 1949 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles prescribed by the Interstate Commerce Commission.

JOE C. TREPANIER
Certified Public Accountant

TO THE STOCKHOLDERS:

The annual report covering results of operation of your company for the year 1949 is submitted herewith.

Revenues from freight traffic declined below the previous year, which decline is accounted for partially in the products of agriculture and products of forests, but to a greater extent in manufactured and miscellaneous traffic. Products of mines showed a considerable increase, reflecting the high level of the building trade industry.

The application for freight rate increase before the Interstate Commerce Commission known as Ex Parte 168 was approved and became effective September 1, 1949. This increase was equivalent to approximately 10 percent on existing rates within the Eastern and Southern territories, and replaced a six percent emergency charge which was effective from January 11, 1949. These increases, however, had an adverse affect upon our traffic as they resulted in the higher-rated commodities such as manufactured and miscellaneous traffic receiving large increases, allowing trucks to make further inroads into normal railroad traffic. Certain of these rates are now being revised downward to offset the existing differential between the rail and truck rates.

Passenger fares declined to a new low of \$8,441.00, or 57 percent of the passenger revenue received in 1948. Our passenger fares produced less than one-half of one percent of our operating revenues during 1949. This reduction in passenger traffic was encountered even after your company instituted one of the most modern-equipped short-line passenger trains operated in the country, and left your management no alternative but to make application to the Michigan Public Service Commission for authority to abandon all passenger service. A public hearing was held December 20, 1949, and a compromise made with the Commission and the communities served by this train to operate on a trial basis in conjunction with the Grand Trunk Western Railway System a daily-except-Sunday passenger train between Alpena and Durand, Michigan. It was agreed this train would operate on a revised schedule for a period of 12 months, with the Commission then rendering a final decision as to the complete abandonment of passenger service.

Mail revenues, aggregating \$61,292.00, included an adjustment paid by the Post Office Department during 1949 for back pay under the 25 percent interim increase for the period February 19, 1947 to February 1, 1948. Further applications are pending before the Interstate Commerce Commission for an increase of 95 percent over the February 18, 1947 rates.

Operating expenses were reduced during the year following a reduction in the traffic handled. This reduction was accomplished in the face of the adoption of the 40-hour week for non-operating employees which became effective September 1, 1949, whereby employees received the same amount of wages for 40 hours' work as previously received for a 48-hour week.

During the year additions were made to your company's rolling stock by the purchase of 10 all-steel covered hopper cars costing \$60,966.60. This equipment was purchased on a conditional sale agreement, with a 25 percent initial payment and the balance amortized over a 10-year period with interest at 2½ percent.

Other capital expenditures included the purchase of additional roadway machinery, the replacement of 4½ miles of 70-pound rail with 90-pound, and miscellaneous improvements, all of which amounted to \$49,865.40.

Equipment and physical property retirements during the year amounted to \$241,845.00 and consisted mainly of one gasoline-powered locomotive, nine hopper cars, two gas-electric passenger cars and miscellaneous obsolete rolling stock such as box cars, gondolas, etc.

Consideration has been given for some time to the need for supplemental highway service which would reduce the expense and improve the service in handling less carload freight between stations of the railroad company. Consequently, the Mackinac Truck Lines, Inc., was formed as a wholly-owned subsidiary of the Detroit and Mackinac Railway Company with paid-in capital amounting to \$25,000.00

For the year 1949, net earnings after taxes amounted to \$320,216.27, a decrease of \$115,997.37 as compared to 1948. These earnings were allocated during the year for reduction of equipment obligations, funded debt, initial payments on new equipment, and capital improvements to property as follows:

1. Amortization of equipment obligations	\$158,636.94
2. Retirement of funded debt.	113,872.00
3. Capital improvements to property and initial payments on new equipment	67,581.00
	<hr/>
	\$340,089.94

Schedule "C-1" details commitments with respect to the purchase of new equipment by conditional sale agreements. The figures in the schedule show our annual commitments for the ensuing years.

Present funded debt, plus conditional sale commitments, amounts to \$2,572,851.29. This amount is greater than your company's funded debt during years when it was necessary to take advantage of the six months' grace period for interest payment. To reduce this indebtedness we have followed a program of funded debt retirement, and have purchased during the year from open market offerings \$157,000, par value, of outstanding funded debt at the above-stated cost. This program will continue to be your company's plan for the protection of the shareholders until these obligations are brought within a reasonable figure as compared to the total gross revenue.

Following is a simplified income account and balance sheet for the year 1949:

INCOME:	Year 1949	Year 1948	Increase — I Decrease — D
Freight -----	\$1,810,095.45	\$2,045,692.24	\$235,596.79 D
Passenger -----	8,441.63	14,764.71	6,323.08 D
Other Transportation Revenues -----	110,171.47	138,334.89	28,163.42 D
Other Income -----	16,798.15	14,452.97	2,345.18 I
TOTAL -----	\$1,945,506.70	\$2,213,244.81	\$267,738 11 D
OUTGO:			
Wages -----	\$ 684,245.00	\$ 739,200.10	\$ 54,955.40 D
Fuel -----	36,204.11	44,961.61	8,757.50 D
Material and Supplies -----	231,216.48	238,568.63	7,352.18 D
Railway Tax Accruals other than Federal Income Tax--	91,764.10	78,588.27	13,175.83 I
Rental of Equipment,			
Debit Balance -----	34,398.69	36,472.33	2,073.67 D
Interest on Debt,			
Funded and Unfunded -----	87,825.06	101,802.55	13,977.49 D
Depreciation Charges -----	157,399.83	155,460.14	1,939.69 I
Other Operating and Non-Operating Expenses--	103,646.37	112,012.81	8,366.44 D
TOTAL -----	\$1,426,699.64	\$1,507,066.80	\$ 80,367.16 D
Net Income before Federal Income Tax -----	\$ 518,807.06	\$ 706,178.01	\$187,370.95 D
Federal Income Tax			
Accruals -----	198,590.79	269,964.37	71,373.58 D
NET INCOME -----	\$ 320,216.27	\$ 436,213.64	\$115,997.37 D

Your dollars of income for 1949 were earned and spent as follows:

EARNINGS	Cents	DISPOSITION	Cents
Products of Agriculture -----	4	Wages -----	35
Animals and Products -----	1	Materials and Fuels -----	14
Products of Mines -----	42	Taxes -----	15
Products of Forests -----	5	Net Equipment Rents -----	2
Products of Manufacturers -----	39	Depreciation -----	8
Handling of Passengers -----	1	Other Expenses -----	5
Other Transportation Revenue--	5	Interest -----	5
Other Service -----	3	Net Income -----	16
TOTAL -----	100	TOTAL -----	100

ASSETS:

Road Property and Equipment, less depreciation	\$7,365,944.49
Sinking Funds	460,174.50
Miscellaneous Property	47,804.74
Cash	186,811.40
Government Securities	278,476.50
Material and Supplies	135,066.88
Other Assets	187,686.61

TOTAL ASSETS ----- \$8,661,965.12

LIABILITIES:

Equipment Obligations	\$1,143,851.29
Accounts and Wages Payable	117,724.53
Accrued Taxes	250,497.75
Other Liabilities	177,337.13
Bonded Indebtedness	1,429,000.00

Capital Stock and Surplus:

Capital Stock	2,950,000.00
Surplus	2,593,554.42

TOTAL LIABILITIES ----- \$8,661,965.12

It is with sincere appreciation that your Directors acknowledge the loyal efforts of every member of your organization.

By order of the Board of Directors.

CHARLES A. PINKERTON, JR.
President and General Manager

TABLE A
DETROIT AND MACKINAC RAILWAY COMPANY

CONDENSED GENERAL BALANCE SHEET AS OF DECEMBER 31, 1949, AND COMPARISON WITH DECEMBER 31, 1948

ASSETS

	Increase	Decrease
Investments		
Investment in Road and Equipment -----	\$7,956,224.93	\$131,012.96
Less Accrued Depreciation -----	583,468.68	26,980.69
Net Investment -----	7,372,756.25	104,032.27
Less Donations and Grants -----	6,811.76	
Miscellaneous Physical Property -----	47,804.74	56.05
Sinking Funds -----	460,174.50	\$189,915.00
Investments in Affiliated Companies -----	25,000.00	25,000.00
 Total Investment Less Depreciation -----	 \$7,898,923.73	 110,826.68
Current Assets:		
Cash -----	186,811.40	15,248.94
Temporary Cash Investments -----	278,476.50	53,583.50
Special Deposits -----	16,840.00	3,080.00
Net Balances Receivable from		
Agents and Conductors -----	29,669.99	16,598.43
Miscellaneous Accounts Receivable -----	32,836.54	14,284.24
Material and Supplies -----	135,066.88	23,518.45
Accrued Accounts Receivable -----	27,336.43	10,066.76
Other Current Assets -----	Cr. 153.31	391.35
	706,884.43	130,611.67
Deferred Assets:		
Working Fund Advances -----	545.78	14.13
Other Deferred Assets -----	2,537.77	2,537.77
 Unadjusted Debits		
Prepayments -----	9,142.80	4,435.90
Other Unadjusted Debits -----	43,930.61	39,190.33
	 53,073.41	 43,626.23
		<hr/> \$8,661,965.12
		<hr/> \$ 26,364.88

TABLE A—(Continued)

LIABILITIES		Increase	Decrease
Capital Stock:			
Common Stock -----	\$2,000,000.00		
Preferred Stock -----	950,000.00		

Long Term Debt:			
First Lien Bonds -----	901,000.00		
Mortgage Bonds -----	1,028,000.00		
Held in Treasury -----	500,000.00		

Outstanding -----	528,000.00		
Equipment Obligations -----	1,143,851.29		

	2,572,851.29		
Current Liabilities:			
Traffic and Car Service Balances Payable -----	54,393.67		
Audited Accounts and Wages Payable -----	117,724.53		
Miscellaneous Accounts Payable -----	22,626.06		
Interest Matured Unpaid -----	16,840.00		
Unmatured Interest Accrued -----	4,763.33		
Accured Accounts Payable -----	33,411.65		
Other Current Liabilities -----	13,150.87		
Taxes Accrued -----	51,906.96		
Federal Income Tax Payable -----	198,590.79		

	513,407.86		
Deferred Liabilities:			
Unadjusted Credits:			
Corporate Surplus:			
Earned Surplus-Appropriated -----	2,381,720.21		
Earned Surplus--Credit Balance -----	211,834.21		

	2,593,554.42		
	\$8,661,965.12		

	26,364.88		

TABLE B
DETROIT AND MACKINAC RAILWAY COMPANY
INCOME ACCOUNT FOR YEAR ENDING DECEMBER 31, 1949
COMPARED WITH YEAR ENDING DECEMBER 31, 1948

OPERATING REVENUES:

	1949	Increase	Decrease
Freight	\$1,810,095.45		\$235,596.79
Passenger	8,441.63		6,323.08
Baggage	60.21	\$ 10.12	
Mail	61,292.28	22,615.28	
Express	2,970.56		12,427.88
Other Passenger Train	817.30		34.71
Milk	9,134.45	62.64	
Switching	22,729.52		19,281.58
Storage — Freight	279.64		606.34
Storage — Baggage	—		106.01
Demurrage	6,919.24		14,893.01
Telegraph and Telephone	—		2.87
Rents of Buildings and Other Property	4,077.72		2,446.38
Miscellaneous	1,890.26		1,051.16
Joint Facility Cr.	.29		1.52
 Total Operating Revenues	 \$1,928,708.55		270,083.29

OPERATING EXPENSES:

Maintenance of Way and Structures	\$ 393,012.29	\$ 70,452.39
Maintenance of Equipment	270,149.04	\$17,748.46
Traffic	26,006.43	3,762.09
Transportation	422,565.59	26,987.30
General	98,656.22	1,607.29
 Total Operating Expenses	 \$1,210,389.57	77,536.43

Net Operating Revenue	\$ 718,318.98	\$192,546.86
Railway Tax Accruals	290,354.89	58,197.75

Railway Operating Income	\$ 427,964.09	\$134,349.11
Income from Lease of Road and Equipment	—	1,852.64
Miscellaneous Rent Income	6,189.96	157.37
Miscellaneous Physical Property	3,457.77	1,164.61
Income from Unfunded Securities and Accounts	3,016.39	1,132.89
Miscellaneous Income	250.00	20.00
Equipment Rents	Dr. 34,398.69	2,073.67
Joint Facility Rents	326.53	1,575.05
Income from Sinking Funds	3,557.50	3,298.00
 Total Income	 \$ 410,363.55	129,930.26
Miscellaneous Rents	\$ 65.25	64.25
Miscellaneous Tax Accruals	1,245.10	399.92
Interest on Funded Debt	87,785.12	14,008.93
Interest on Unfunded Debt	39.94	31.44
Miscellaneous Income Charges	1,011.87	419.57

Net Income	\$ 320,216.27
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\$115,997.37

TABLE B—(Continued)

DETROIT AND MACKINAC RAILWAY COMPANY

PROFIT AND LOSS ACCOUNT

Credit Balance, January 1, 1949		\$384,097.62
Credit Balance Transferred from Income		320,216.27
Miscellaneous Credits		45,614.38
Miscellaneous Debits	\$ 6,822.25	
Miscellaneous Appropriations of Surplus	531,271.81	
Credit Balance Carried to Balance Sheet	211,834.21	
		\$749,928.27
		\$749,928.27

TABLE C

PARTICULARS OF BONDED DEBT

Class of Bonds	Amount Outstanding 12/31/49	INTEREST		Interest Accrued During Year	Principal Due
		Rate	When Payable		
First Lien	\$ 901,000.00	4%	June and December	\$37,576.00	June 1, 1995
Mort.	528,000.00	4%	June and December	22,456.00	June 1, 1995
				\$60,032.00	

SCHEDULE C-1

DETROIT AND MACKINAC RAILWAY COMPANY

SCHEDULE OF EQUIPMENT OBLIGATIONS

Equipment Covered:	Date of Purchase	Cost	Initial Payment	Interest Rate	Annual Payment	Balance Due 12/31/50	Date of Maturity
Locomotives:							
5 Diesel-Electric Road Switching Locomotives	Dec. 1946	\$ 602,300.00	\$ 60,230.00	2 1/4 %	\$ 54,207.00	\$ 373,995.00	Dec. 1956
1 Diesel-Electric Road Switching Locomotive	Feb. 1948	129,498.00	29,498.00	2 1/4 %	9,999.96	80,833.01	Feb. 1958
1 Diesel-Electric Switching Locomotive	July 1946	59,750.00	5,975.00	2 1/4 %	5,377.44	34,953.36	July 1956
Cars:							
200 Steel Box Cars and							
25 Steel Gondola Cars	Feb. 1947	862,868.25	86,287.25	2 1/4 %	77,658.00	552,248.58	Feb. 1957
25 Open-Top Steel Hopper Cars	June 1948	99,675.00	25,375.00	2 1/4 %	7,429.92	62,535.96	June 1953
10 Covered Steel Hopper Cars	Feb. 1949	60,966.60	17,716.60	2 1/4 %	4,325.04	39,285.38	Feb. 1953
		<u>\$1,815,057.85</u>	<u>\$225,031.85</u>		<u>\$158,997.36</u>	<u>\$1,143,851.29</u>	

TABLE D

DETROIT AND MACKINAC RAILWAY COMPANY

COMPARATIVE FINANCIAL STATEMENT

CURRENT ASSETS	Dec. 31, 1947	Dec 31, 1948	Dec. 31, 1949
Cash -----	\$ 547,755.27	\$ 202,060.34	\$ 186,811.40
Special Funds -----	93,840.00	345,820.00	295,316.50
Due from Station Agents and Others --	110,442.73	93,389.20	62,506.53
Material and Supplies -----	151,878.54	158,585.33	135,066.88
Prepaid and Deferred Charges -----	53,553.16	38,201.14	30,266.67
Other Unadjusted Debits -----	5,823.25	9,447.18	53,073.41
Totals -----	\$ 963,292.95	\$ 847,503.19	\$ 763,041.39
LESS CURRENT LIABILITIES			
Audited Vouchers and Pay Rolls -----	\$ 123,897.66	\$ 100,518.02	\$ 117,724.53
Accured Taxes, Interest and Traffic Balances -----	464,821.15	505,297.97	427,839.84
Totals -----	\$ 588,718.81	\$ 605,815.99	\$ 545,564.37
Net Current Assets -----	\$ 374,574.14	\$ 241,687.20	\$ 217,477.02
CAPITAL ASSETS			
Cost of Road -----	\$ 5,817,876.62	\$ 5,796,672.61	\$ 5,745,546.59
Cost of Equipment -----	2,182,951.70	2,290,565.28	2,210,678.34
Miscellaneous Physical Property -----	41,216.79	47,860.79	47,804.74
Sinking Funds and Investements -----		270,259.50	485,174.50
Totals -----	\$ 8,042,045.11	\$ 8,405,358.18	\$ 8,489,204.17
REPRESENTING			
Bonds Issued—First Lien -----	\$ 1,153,000.00	\$ 979,000.00	\$ 901,000.00
Bonds Issued—Mortgage -----	756,000.00	607,000.00	528,000.00
Stock Issued—Common -----	2,000,000.00	2,000,000.00	2,000,000.00
Stock Issued—Preferred -----	950,000.00	950,000.00	950,000.00
Equipment Obligations -----	1,235,681.82	1,259,238.23	1,143,851.29
Reserves -----	577,615.44	610,449.37	583,468.68
Grants in Aid of Construction -----	6,811.76	6,811.76	6,811.76
Other Unadjusted Credits -----	.85		Dr. 4.96
Appropriated Surplus -----	1,850,448.40	1,850,448.40	2,381,720.21
Earned Surplus -----	* 112,939.02	384,097.62	211,834.21
Totals -----	\$ 8,416,619.25	\$ 8,647,045.38	\$ 8,706,681.19

*Deficit

TABLE E

DETROIT AND MACKINAC RAILWAY COMPANY

REVENUE AND EXPENSES BY YEARS

	1945 Amount	Per Cent	1946 Amount	Per Cent	1947 Amount	Per Cent	1948 Amount	Per Cent	1949 Amount	Per Cent
REVENUES										
Freight	\$ 833,680.38	80.19	\$1,295,587.72	91.50	\$1,647,403.80	91.0	\$2,045,692.24	93.04	\$1,810,095.45	93.85
Passenger	110,827.93	10.68	38,440.85	2.72	21,164.85	1.2	14,764.71	.67	8,441.63	.44
Mail	41,202.98	3.94	36,471.14	2.58	25,600.00	1.4	38,677.00	1.76	61,292.28	3.18
Express	20,295.71	1.92	5,878.76	.41	18,530.15	1.0	15,398.44	.70	2,970.56	
Milk	7,667.22	.77	6,769.24	.47	8,179.49	.5	9,071.81	.41	9,134.45	.47
Other Sources	25,980.70	2.50	32,825.01	2.32	88,383.17	4.9	75,187.64	3.42	36,774.18	1.91
Total	<u>\$1,039,654.92</u>	100%	<u>\$1,415,972.72</u>	100%	<u>\$1,809,261.46</u>	100%	<u>\$2,138,791.84</u>	100%	<u>\$1,928,708.55</u>	100%
EXPENSES										
Maintenance of Way and Structures	\$ 217,438.29	25.38	\$ 278,525.85	26.92	\$ 399,152.55	35.3	\$ 463,464.68	35.99	\$ 393,012.29	32.47
Maintenance of Equipment	189,786.19	22.23	208,948.86	20.19	214,205.34	19.0	252,400.58	19.60	270,149.04	22.32
Traffic	9,003.57	1.05	10,015.60	.96	16,101.79	1.4	22,244.34	1.73	26,006.43	2.15
Transportation	392,072.63	45.85	464,785.40	44.91	414,357.71	36.6	449,552.89	34.90	422,565.59	34.91
General	47,094.78	5.49	72,794.89	7.02	88,998.97	7.7	100,263.51	7.78	98,656.22	8.15
Total	<u>\$ 855,395.46</u>	100%	<u>\$1,035,070.60</u>	100%	<u>\$1,132,816.36</u>	100%	<u>\$1,287,926.00</u>	100%	<u>\$1,210,389.57</u>	100%
Operating Ratio		82.31%		73.10%		62.60%		58.55%		62.76%
Net Operating Income	\$ 184,259.46	17.69	\$ 380,902.12	26.90	\$ 676,445.10	37.4	\$ 910,865.84	41.43	\$ 718,318.98	37.24
Taxes	52,580.63	5.00	84,382.30	5.95	237,392.08	13.1	348,552.64	15.85	290,354.89	15.05
Net Operating Income Less Taxes	\$ 131,678.83	12.69	\$ 296,519.82	20.95	\$ 439,053.02	24.3	\$ 562,313.20	25.58	\$ 427,964.09	22.19

TABLE E-1

DETROIT AND MACKINAC RAILWAY COMPANY
RAILWAY OPERATING REVENUES, EXPENSES AND TAX ACCRUALS BY YEARS

Year	Revenues	Expenses	Net Operating Revenue	Railway Tax Accruals	Net Operating Revenue Less Tax Accruals
1934	-----\$ 632,904.36	\$ 514,332.73	\$118,571.63	\$ 1,733.27	\$116,838.36
1935	----- 654,505.91	548,623.57	105,882.34	15,247.76	90,634.58
1936	----- 803,484.39	605,305.79	198,178.60	21,118.51	177,060.09
1937	----- 885,445.46	694,643.86	190,801.60	35,134.67	155,666.93
1938	----- 877,856.23	630,599.65	247,256.58	34,889.55	212,367.03
1939	----- 876,809.06	643,663.46	233,145.60	43,708.16	189,437.44
1940	----- 849,680.71	623,629.04	226,051.67	41,753.93	184,297.74
1941	----- 845,559.26	643,292.35	202,266.91	41,775.56	160,491.35
1942	----- 1,189,479.04	728,314.96	461,164.08	53,262.32	407,901.76
1943	----- 975,711.81	932,649.82	43,061.99	80,802.63	*37,740.64
1944	----- 1,016,204.61	869,293.70	146,910.91	51,865.66	95,045.25
1945	----- 1,039,654.92	855,395.46	184,259.46	52,580.63	131,678.83
1946	----- 1,415,972.72	1,035,070.60	380,902.12	84,382.30	296,519.82
1947	----- 1,809,261.46	1,132,816.36	676,445.10	237,392.08	439,053.02
1948	----- 2,198,791.84	1,287,926.00	910,865.84	348,552.64	562,313.20
1949	----- 1,928,708.55	1,210,389.57	718,318.98	290,354.89	427,964.09

*Deficit

TABLE F

DETROIT AND MACKINAC RAILWAY COMPANY

OPERATING EXPENSES

1949 COMPARED WITH 1948

MAINTENANCE OF WAY AND STRUCTURES

	Amount	Increase	Decrease
Superintendence -----	\$ 29,926.25	\$ 1,784.51	
Roadway Maintenance -----	33,520.28	4,052.45	
Bridges, trestles, and culverts -----	13,089.53	10,896.84	
Ties -----	78,675.50		\$25,612.62
Rails -----	8,759.98		12,343.98
Other Track Material -----	31,491.43	12,151.99	
Ballast -----	1,890.52		2,641.26
Track Laying and Surfacing -----	116,395.32		15,351.68
Fences, Snowsheds, and Signs -----	2,622.77		2,867.60
Station and Office Buildings -----	1,541.69		4,151.35
Roadway Buildings -----	548.61	385.67	
Water Stations -----	24.18		.04
Fuel Stations -----	18.97		38.21
Shops and Enginehouses -----	2,774.01		9,096.85
Telegraph and Telephone Lines -----	3,618.63		3,933.41
Signals and Interlockers -----	1,010.82	374.44	
Road Property—Depreciation -----	31,401.30	67.97	
Retirements—Road -----	7,794.08		25,282.05
Roadway Machines -----	3,963.61	1,950.09	
Dismantling Retired Road Property -----	1,822.88		797.00
Small Tools and Supplies -----	4,348.74		1,866.12
Removing Snow, Ice and Sand -----	6,553.03		2,493.11
Public Improvements, Maintenance -----	2,775.02		1,749.69
Injuries to Persons -----	824.82	172.15	
Insurance -----	1,914.45	723.33	
Stationery and Printing -----	437.96	67.92	
Other Expenses -----	4,707.29	4,694.91	
Maintaining Joint Tracks, Yards and Other Facilities—Dr. -----	1,011.47	176.81	
Maintaining Joint Tracks, Yards and Other Facilities—Cr. -----	450.85 Cr.	273.50	
Total -----	\$393,012.29		\$70,452.39

TABLE F—(Continued)

MAINTENANCE OF EQUIPMENT

	Amount	Increase	Decrease
Superintendence -----	\$ 27,399.76		\$ 1,137.49
Shop Machinery -----	227.00		2,307.51
Power Plant Machinery -----	7.50 Cr.		20.15
Power Plant Machinery—Depreciation -----	3,394.46		33.19
Other Locomotives—Repairs -----	45,009.52	\$ 6,632.09	
Freight-train Cars—Repairs -----	41,830.64	6,272.53	
Passenger-train Cars—Repairs -----	13,897.89		241.72
Work Equipment—Repairs -----	5,854.34		162.53
Miscellaneous Equipment—Repairs -----	2,039.96	342.96	
Equipment—Retirementss -----	825.97	637.17	
Equipment—Depreciation -----	122,604.07	1,904.91	
Injuries to Persons -----	385.09		53.73
Insurance -----	3,483.63	833.59	
Stationery and Printing -----	251.24		121.27
Other Expenses -----	3,194.85	4,994.36	
Maintaining Joint Equipment—Dr. -----	192.14		36.35
Maintaining Joint Equipment—Cr. -----	434.02 Cr.		
 Total -----	\$270,149.04	\$17,748.46	

TRAFFIC

Superintendence -----	\$ 16,420.45	\$ 963.66	
Advertising -----	2,164.32		\$ 41.64
Traffic Associations -----	1,311.33		21.78
Insurance -----	634.41	188.83	
Stationery and Printing -----	4,075.92	1,273.02	
Other Expenses -----	1,400.00	1,400.00	
 Total -----	\$ 26,006.43	\$ 3,762.09	

TRANSPORTATION—RAIL LINE

Superintendence -----	\$ 34,294.04		\$ 1,133.41
Dispatching Trains -----	4,696.36		543.81
Station Employees -----	77,637.11		13,710.17
Wei'g Inspe'n and Demurrage Bureaus -----	1,079.51	\$ 271.09	
Station Supplies and Expenses -----	3,101.71		2,162.87
Yardmaster and Yard Clerks -----	9,992.88	1,549.18	
Yard Conductors and Brakemen -----	31,252.32	6,062.75	
Yard Motormen -----	17,948.61	1,699.92	
Yard Switching Fuel -----	5,649.62		561.67
Lubricants for Yard Locomotives -----	905.36	574.87	
Other Supplies for Yad Locomotives -----	256.94		16.17
Enginehouse Expenses—Yard -----	1,851.64		5,536.64
Yard Supplies and Expenses -----	1,315.95		632.45

TABLE F—(Continued)

	Amount	Increase	Decrease
Train Motormen -----	\$ 51,805.93		\$ 8,014.11
Train Fuel -----	30,554.49		8,195.83
Water for Train Locomotives -----	2.41		28.39
Lubricants for Train Locomotives -----	2,532.43		83.10
Other Supplies for Train Locomotives -----	1,207.07		25.25
Enginehouse Expenses—Train -----	21,891.92		165.54
Trainmen -----	63,192.55		11,748.02
Train Supplies and Expenses -----	16,986.84		488.93
Signal and Interlocking Operation -----	219.51	\$ 68.41	
Drawbridge Operation -----	7,713.89		55.72
Telegraph and Telephone Operation -----	75.70		373.03
Stationery and Printing -----	4,540.64	746.29	
Other Expenses -----	15,376.21	10,624.34	
Insurance -----	10,514.50	3,234.86	
Clearing Wrecks -----	1,948.12	1,266.36	
Damage to Property -----	50.00	50.00	
Damage to Live Stock on Right of Way	110.42		121.60
Loss and Damage—Freight -----	7,631.18		140.76
Loss and Damage—Baggage -----	35.81	35.81	
Injuries to Persons -----	2,064.15		808.65
Operag Joint Yards and Terminals —Dr.	7,382.08		1,384.15
Operag Joint Yards and Terminals—Cr.	9,517.43 Cr.	2,668.58	
Opera'g Joint Yards and Facilities—Dr.	133.44		158.86
Opera'g Joint Tracks and Facilities—Cr.	3,868.22 Cr.	249.40	
 Total -----	\$ 422,565.59		\$26,987.30

GENERAL

Salaries and Exp's of General Officers --\$	19,729.46	\$ 749.17
Salaries and Exp's of Clerks and Attend's	46,066.56	5,493.80
General Office Supplies and Expenses-----	1,483.40	1,014.59
Law Expenses -----	9,449.00	\$ 2,176.36
Insurance -----	668.18	193.92
Pensions -----	8,052.36	5,077.76
Stationery and Printing -----	5,250.64	1,554.11
Other Expenses -----	7,956.62	243.66
 Total -----	\$ 98,656.22	\$ 1,607.29

SUMMARY

Maintenance of Ways and Structures --\$	393,012.29	\$70,452.39
Maintenance of Equipment -----	270,149.04	\$17,748.46
Traffic -----	26,006.43	3,762.09
Transportation -----	422,565.59	26,987.30
General -----	98,656.22	1,607.29
 Total Operating Expenses -----	\$1,210,389.57	\$77,536.43

TABLE G

DETROIT AND MACKINAC RAILWAY COMPANY

STATEMENT OF MILEAGE, DECEMBER 31, 1949

MAIN LINE

North Bay City to Cheboygan -----	195.10
One-half Undivided Ownership—Foss to North Bay City -----	.13

BRANCHES

Omer to AuGres -----	7.95
Alabaster Junction to Alabaster -----	4.03
Hillman Junction to Emerson -----	10.38
Rogers City Junction to Rogers City -----	14.33
<hr/>	
Total -----	36.69
Total Main Line and Branches -----	232.05
Yard Tracks and Sidings -----	49.23
<hr/>	
Total, all Tracks (miles) -----	281.28

TABLE H

DETROIT AND MACKINAC RAILWAY COMPANY

CLASSIFICATION OF FREIGHT TONNAGE

	1948 Tons	Per Cent	1949 Tons	Per Cent
Products of Agriculture:				
Grain -----	11,192	.9	7,175	.6
Flour -----	3,250	.2	2,720	.2
Other Mill Products -----	297		363	
Hay and Straw -----	1,220	.1	1,034	.1
Potatoes -----	9,990	.7	3,208	.3
Fruits and Vegetables -----	6,405	.5	6,896	.5
Sugar Beets -----	4,306	.3	6,634	.5
Other Products of Agriculture -----	345		309	
<hr/>				
Totals -----	37,005	2.7	28,339	2.2

TABLE H—(Continued)

	1948 Tons	Per Cent	1949 Tons	Per Cent
Animals and Products:				
Livestock -----	637		308	
Hides and Leather -----	5,577	.5	5,034	.4
Other Animals and Products -----	1,544	.1	1,663	.1
Totals -----	7,758	.6	7,005	.5
Products of Mines:				
Anthracite Coal -----	1,270	.1	1,223	.1
Bituminous Coal -----	49,355	3.6	21,175	1.7
Coke -----	1,917	.1	1,406	.1
Clay, Gravel, Sand and Stone -----	695,220	50.9	822,381	64.1
Other Products of Mines -----	2,105	.2	1,026	.1
Totals -----	749,867	54.9	847,211	66.1
Product of Forests:				
Lumber, Shingles, and Lath -----	12,540	.9	9,872	.8
Pulp Wood -----	74,846	5.5	38,424	3.0
Other Products of Forests -----	12,720	.9	5,557	.4
Totals -----	100,106	7.3	53,853	4.2
Manufacturers and Miscellaneous:				
Refined Petroleum and its Products --	56,248	4.1	43,676	3.4
Sugar -----	567		298	
Rails and Fastenings -----	1,809	.1	722	
Bar and Sheet Iron, Structural Iron, and Iron Pipe -----	7,928	.6	3,576	.3
Castings, Machinery and Boilers -----	4,447	.3	2,045	.1
Cement -----	74,225	5.4	54,712	4.3
Brick and Artificial Stone -----	2,765	.2	2,147	.2
Lime and Plaster -----	55,114	4.0	38,314	3.0
Building Paper and Prepared Roofing Material -----	3,541	.3	1,341	.1
Beverages -----	333		262	
Fertilizers (all kinds) -----	8,035	.6	6,611	.5
Newsprint and Printing Paper -----	22,591	1.7	8,613	.7
Canned Goods (all canned food products) -----	1,503	.1	1,044	.1
Paper Bags and Wrapping Paper -----	3,893	.3	1,345	.1
Paperboard, Pulpboard and Wallboard -----	142,192	10.4	128,065	10.0
Other Manufacturers and Miscellaneous -----	75,425	5.5	44,448	3.5
Totals -----	460,616	33.7	336,949	26.3
All L. C. L. Freight -----	11,309	.8	8,751	.7
Grand Total Carload and L. C. L. Traffic -----	1,366,661	100%	1,282,108	100%

TABLE I
DETROIT AND MACKINAC RAILWAY COMPANY

FREIGHT STATISTICS

	1948	1949
Number tons revenue freight carried -----	1,366,661	1,282,108
Number tons non-revenue freight carried -----	23,015	11,341
Total number tons of freight carried -----	1,389,676	1,293,449
Number revenue tons carried one mile --	104,277,000	92,779,000
Number all tons carried one mile -----	105,882,000	93,565,000
Number revenue tons carried one mile, per mile of road -----	453,735	396,491
Number tons all freight carried one mile, per mile of road -----	460,717	399,850
Average distance haul of one ton revenue freight (miles) -----	76.3	72.3
Average distance haul of one ton all freight (miles) -----	76.2	72.3
Total Freight Revenue -----\$	2,045,692	\$ 1,810,095
Average amount received from each ton of freight -----\$	1.50	\$ 1.41
Average receipts, per ton, per mile -----\$.01962	\$.01951
Freight revenue, per mile of road -----\$	9,292.70	\$ 7,735.00
Freight revenue, per train mile -----\$	14.39	\$ 15.65
Average number of revenue tons, per train mile -----	735	802
Average number of all tons, per train mile	745	809
Average number of all tons, per loaded car mile -----	36.8	38.8
Average number of cars, per train mile --	35.1	36.1

PASSENGER STATISTICS

Number of passengers carried-----	8,616	3,725
Numbers of passengers carried one mile --	612,980	268,368
Number of passengers carried one mile, per mile of road -----	2,667	2,164
Average distance each passenger (miles) --	71.14	72.0
Passenger Revenue -----\$	14,765	\$ 8,441
Average amount received from each passenger -----\$	1.71	\$ 2.27
Average receipts, per passenger, per mile -----\$.02409	\$.0315
Total passenger train earnings -----\$	78,815	\$ 82,716
Passenger train earnings, per mile of road -----\$	372.66	\$ 353.49
Passenger train earnings, per train mile -----\$.86	\$ 1.00
Average number of passenger, per train mile -----	6.7	3.2

OPERATING STATISTICS

Gross revenue from operation -----\$	2,198,791.84	\$ 1,928,708.55
Gross revenue from operation, per mile of road -----\$	9,567.45	\$ 8,242.34
Operating Expenses -----\$	1,287,926.00	\$ 1,210,389.57
Operating expenses, per mile of road -----\$	5,604.06	\$ 5,172.60
Net Operating Revenue -----\$	910,865.44	\$ 718,318.98
Net operating revenue, per mile of road -----\$	3,963.39	\$ 3,069.74
Ratio of expense to earnings -----	58.55	\$ 62.76

TABLE J

DETROIT AND MACKINAC RAILWAY COMPANY

EQUIPMENT

Locomotives:

	1948	1949
Diesel — Road Switchers -----	6	6
Diesel — Switching -----	1	1
Gasoline — Switching -----	1	
Totals -----	8	

Passenger Cars:

	1948	1949
Coaches -----	4	3
Parlor -----	1	1
Gas Electric Combination Passenger, Baggage and Mail -----	2	
Combination Passenger and Baggage -----	2	1
Combination Baggage and Mail -----	2	2
Baggage and Express Cars -----	6	6
Express Refrigerators -----	7	7
	24	

Freight Cars:

	1948	1949
Box -----	205	205
Flat -----	12	8
Hoppers — Open -----	86	87
Caboose Cars -----	11	10
Troop Sleepers -----	1	
Totals -----	315	

In Company's Service:

	1948	1949
Officers -----	1	1
Ballast -----	3	3
Flangers -----	11	11
Jordon Spreader -----	1	1
Industrial Crane -----	1	1
Other Company Service Equipment -----	27	36
Totals -----	44	

Summary:

Total Number of Locomotives Owned -----	8	7
Total Number of Cars Owned -----	383	

TABLE K

DETROIT AND MACKINAC RAILWAY COMPANY

STATEMENT OF TRACKS BUILT AND TAKEN UP DURING YEAR 1949

TRACKS BUILT

Track Order	Yard Tracks, Sidings, and Spurs	Location	Feet
3518	Build Track 48A -----	Linwood	297

TRACKS TAKEN UP

Track Order	Branch Main Line	Location	Feet
3482	Retire Back End Alabaster Branch -----	Alabaster	1523
Track Order	Yard Tracks, Sidings, and Spurs	Location	Feet
3403	Retire Track 75 -----	Turner	2899
3413	Shorten Track 169A -----	Big Cut	23
3414	Shorten Track 169 -----	Big Cut	28
3434	Retire Track 2 -----	No. Bay City	572
	Retire Track 3 -----	No. Bay City	532
	Retire Tracks 26, 27, and 28 -----	No. Bay City	875
3446	Shorten Track 77 -----	Turner	105
3453	Retire Track 80 -----	Turner	864
3482	Retire Track 3 -----	Alabaster	90
	Retire Track 4 -----	Alabaster	150
	Retire Track 5 -----	Alabaster	478
3508	Shorten Track 5 -----	Tawas City	34
3513	Retire Track 1 -----	Kerston	536
3520	Retire Track 63A -----	Alpena	464
3521	Retire Track 83A -----	Alpena	340
3522	Shorten Track 52 -----	Alpena	227
3531	Shorten Track 98 -----	Oscoda	1496
3532	Retire Track 105 -----	Oscoda	965
3541	Shorten Track 56 -----	Alpena	3640
			14318

SUMMARY

Tracks Taken Up -----	15841
Tracks Built -----	297
Net Retirement -----	15544 feet or 2.94 Miles

